

OFFICIAL PROCEEDINGS OF THE BOARD OF TRUSTEES CITY OF LANSING POLICE AND FIRE RETIREMENT SYSTEM

Regular Meeting
Council Conference Room
10th Floor, City Hall
Lansing, MI

June 17, 2014
Tuesday, 8:30 a.m.

The Board was called to order at 8:41 a.m.

Present: Trustees Fabus, Hecksel, Oleson, St. Aubin, Wood– 5.
Absent: Trustee Bernero, Benson, Kraus

Others: Karen E. Williams, Finance Department; Mark Parker, Employees' Retirement System Board; Attorney Ken Lane, Clark Hill Law Office (representing the Law Department).

It was moved by Trustee Hecksel and supported by Trustee Fabus to approve the Official Minutes of the Police and Fire Retirement System Board Meeting of May 13, 2014.

Adopted by the following vote: 5 – 0

It was moved by Trustee Hecksel and supported by Trustee Wood to approve the Official Minutes of the Joint Employees' Retirement System and Police and Fire Retirement System Board Meeting of May 15, 2014.

Adopted by the following vote: 5 - 0

There were no public comments.

Secretary's Report.

0 new fire member(s), 0 new police members, 0 reinstatement(s), 0 refund(s), 0 transfers, 2 retired. Total: Active membership: 333. 2 death(s). Randall A. Ott, Police, died May 15, 2014, age 70, spouse to receive 50%; Lawrence Cooper, Police, died May 30, 2014, age 83, spouse to receive 50%. Refunds made since the last regular meeting amounted to \$0.00. Reimbursements to the System year-to-date amount to \$0.00. Retirement allowances paid for the month of May 2014 amounted to \$2,257,092.27. Total retirement checks printed for the P&F System: 698. Total retirement checks printed for both systems: 1590. Domestic relations order received: 0 Domestic relations orders pending: 1. Eligible domestic relations orders certified: 0.

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Karen Williams reported that she received her first report from PBI for the death audit information. Ms. Williams was notified by electronic mail that new death records had been found.

Trustee St. Aubin requested to take items out of order to allow Mark Parker, Employees' Retirement System Board the opportunity to address the request for Dewpoint Extension for Dawn Polihonki.

Mr. Mark Parker requested that the Dewpoint Contract for Dawn Polihonki be extended to March 2015 to assist the with Arrivos retirement software implementation.

Trustee Wood inquired about separation between the tasks for City and the tasks for the Retirement Board. Trustee Wood stated that Dewpoint has a contract also with the City and wanted to ensure that Ms. Polihonki's time for the Board is not mingled with other duties she has with the City. Also, Trustee Wood also requested that language is added to the contract to prohibit a contract employee from becoming a City employee and having a contract with the Retirement Board.

It was moved by Trustee Wood and Trustee Hecksel to approve the extension of the Dewpoint contract to March 2015, contingent upon legal review and that language is added to the agreement that the Ms. Polihonki charge retirement board items only and to void her contract if she were to become a City employee.

Adopted by the following vote: 5 – 0

Mark Parker also informed the Police and Fire Retirement Board that Tegrit Group sold two of its Business Units, Retirement Plan Services and Actuarial Business to CBIZ. Mark Parker also informed the Board that there are plans for the Technologies Business Unit that handles the software implementation will be sold also.

Trustee St. Aubin stated that Tegrit updated him and Mr. Parker at a recent status meeting and stated that the transition should be seamless. Trustee St. Aubin inquired if there were any upcoming issues. Tegrit informed Trustee St. Aubin that there should be no short term impact.

There were no applications for regular age and service retirement.

There were no requests for duty disability.

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Karen Williams reported that all information for Applicant #2014-F0513 had been forwarded to the medical director for scheduling.

There were no requests for Refund of Accumulated Contributions.

It was moved by Trustee Wood and supported by Trustee Hecksel to excuse Trustee Kraus from the meeting.

Adopted by the following vote: 5 – 0.

Mr. Benson contacted the Retirement Board that he would not be able to attend the meeting.

It was moved by Trustee Fabus and supported by Trustee Hecksel to excuse Trustee Benson from the Police and Fire Retirement Board June meeting.

Adopted by the following vote: 5 – 0

Trustees who attended the MAPERS Spring Conference provided oral reports of the conference. Trustee St. Aubin reported that attended workshops that include trustee development and securities litigation. He was able to network with Asset Consulting Group and Boomershine Consulting Group. Trustee Oleson reported that he attended workshops that included legislative updates, and the opening and closing of plans. He also enjoyed the network. He informed the groups that there were members of MERS in attendance.

Trustee Wood indicated that she had information included in the internal audit report regarding a comparison of the MERS system and the City of Lansing investment returns in order for Council to have a complete analysis of the retirement system.

Trustee Hecksel attended MAPERS and reported that it was a good networking opportunity. He attended workshops that included information for new trustees and municipal bankruptcy.

Attorney Ken Lane reviewed updates to Public Act 314, less stringent EVIP regulations and discussed outcomes of the City of Detroit bankruptcy on the retirement system. City of Detroit trustees will need to have an Investment Committee review and provide recommendations for their investment choices. Attorney Lane distributed the new death audit information policy, and updated record retention policy for the Trustee Books.

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Trustee St. Aubin inquired if the Trustee Book information can be transferred to electronic form. Trustee St. Aubin suggested maybe providing flash drives with the trustee book for members to keep policies, legislation, ordinance and minutes.

Attorney Ken Lane stated that the information can be provided in an electronic form and stated that he would discuss the suggestion with the Employees Retirement System Board.

Karen Williams suggested that the electronic form can be placed on the Retirement website when available.

Trustee Hecksel suggested providing small tablets or readers to Trustees to keep and access the information.

Trustee Wood expressed concern with possible misuse of the tablets in the future, and would be difficult to monitor.

Trustee St. Aubin also expressed concern about possible misuse of electronic devices supplied to trustees. He requested that the issue be placed under pending for further discussion.

Karen Williams reported that 3 fire retirees, 3 police retirees did not send in completed certification forms after receiving their second notice. These retirees will be sent a final notice and their pension will be suspended until their certification has been completed and sent to the Retirement Office.

Karen Williams reviewed the Quarterly Cash Flow withdrawal recommendation from Asset Consulting Group. Ms. Rives reviewed the Employees Retirement System quarterly cash flow request. Asset Consulting Group recommendation was to redeem \$3,450,000 from the MD Sass portfolio and \$3,450,000 from the Western Asset portfolio that was currently overweight to fixed income.

The Retirement Board discussed transferring \$50,000 from the Northern Trust securities lending to Comerica for the Board's administrative expenses.

It was moved by Trustee Hecksel and supported by Trustee Oleson to redeem \$3,450,000 from MD Sass and \$3,450,000 from Western Asset investments for quarterly cash flow needs as outlined by Asset Consulting Group's recommendation, and to redeem \$50,000 from Northern Trust securities lending account for administrative expenses.

Adopted by the following vote: 5 -0.

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Karen Williams reported that the Joint Board Meeting discussed a due diligence trip to Asset Consulting Group in October. Asset Consulting Group has provided the dates, October 1 - 3. Ms. Williams requested that members confirm their attendance by the July meeting.

The Board discussed the NCPERS Public Safety Conference that was scheduled for October 26-29. Trustee Oleson encouraged members to attend.

It was moved by Trustee Oleson and Trustee Hecksel to allow any Police and Fire Retirement trustee and Attorney Ken Lane to attend the NCPERS Public Safety Conference, scheduled for October 26 -29.

Adopted by the following vote: 5 - 0

Trustee St. Aubin informed the Board that he was contacted by Greg Stump, Boomershine Consulting Group regarding the status of the OPEB and financial assets data.

Ms. Williams explained that the OPEB valuation is a separate report concerning health care and is different from the yearly actuarial valuation. Ms. Williams reported that she contacted Ms. Angela Bennett. Ms. Bennett informed her that the Finance Department is working to provide the asset and OPEB data.

Trustee Wood inquired if there was a time frame given for the information and requested a timeline for the data submission.

Trustee St. Aubin requested that the OPEB valuation data request be added to the pending list on the agenda.

Ms. Williams reported that Munder Capital/Integrity investment fund had been acquired by Victory Capital. Munder has requested that the Police and Fire Retirement Board sign a requested consent form, authorizing Integrity Investment management agreement to formally transfer to Victory Capital. Asset Consulting Group (ACG) provided a written recommendation to the Board to sign the requested consent. ACG outlined in the memo that based upon their conversations with Munder, Integrity and Victory, that there were no anticipated changes to the investment personnel or approach in which strategies are managed. ACG will continue to monitor the transition and keep the Board informed of future changes and concerns.

It was moved by Trustee Wood and supported by Trustee Oleson to approve the consent form that authorized Integrity Investment management agreement to formally transferred to Victory Capital.

Adopted by the following vote.

Karen Williams reviewed the Monthly Investment Report and Securities Lending Reports for the period ending May 31, 2014.

It was moved by Trustee Oleson and supported by Trustee Fabus to adjourn the meeting.

Adopted by the following vote: 5 - 0

The meeting adjourned at 9:44 am.

Minutes approved on _____

Angela Bennett, Secretary
Police & Fire Retirement System

Brad St. Aubin, Chairperson
Police & Fire Retirement System